Application of National Transfer Accounts (NTA) for policy research work in Vietnam

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1. Research on population-economic growth nexus in Vietnam

- Vietnam has experienced substantial changes in population's age structure over the past three decades with three crucial features: rapidly decreasing fertility rates; decreasing mortality rates; and increasing life expectancy.

- As a result, measured as a percent of the total population, child population (aged 0-14) has decreased; working-age (15-64) population has increased swiftly; and older population (65+) has increased [Figure 1]. Population pyramid has also changed substantially in its shape [Figure 2].

- The population projections by GSO (2011) show that Vietnam will experience 'demographic dividend' and 'demographic aging' at the same time [Figure 3].

**Figure 1. Population projections by age group, 2009-2049**
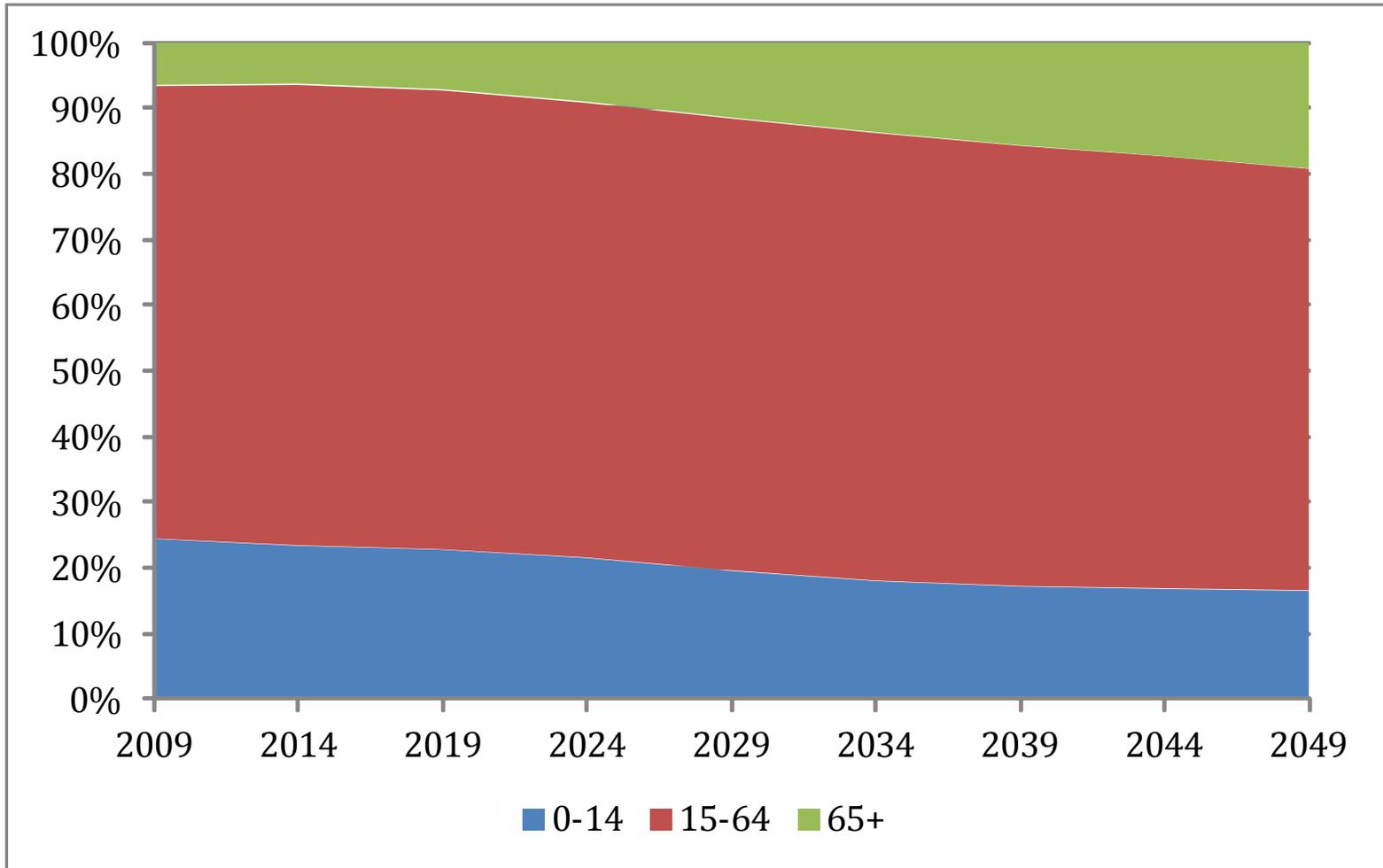
Source: Compilation from GSO (2011)

Figure 2. Vietnam's population pyramid, 2012 & 2033
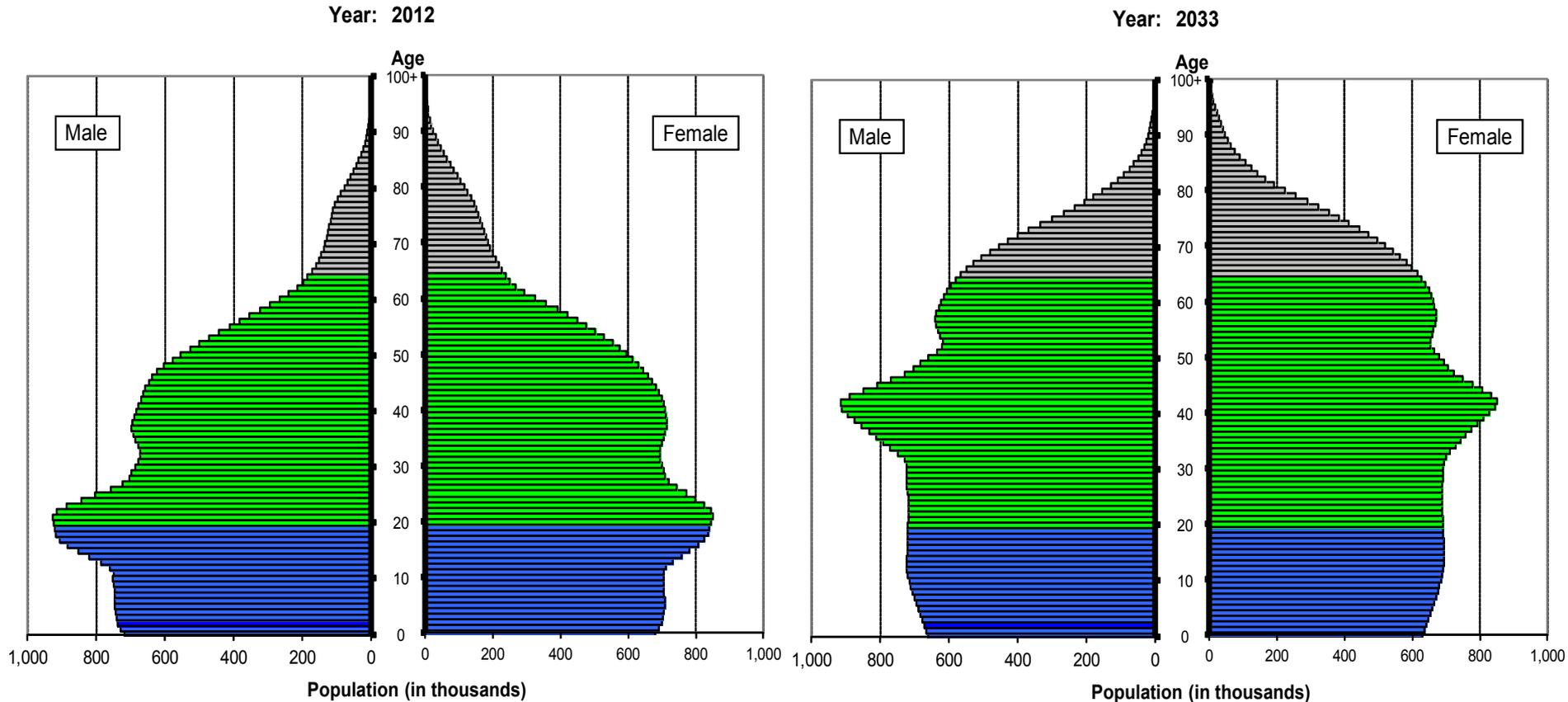
Source: Compilation from UN Population Projections 2010 version

Figure 3. 'Demographic dividend' and 'Demographic aging'
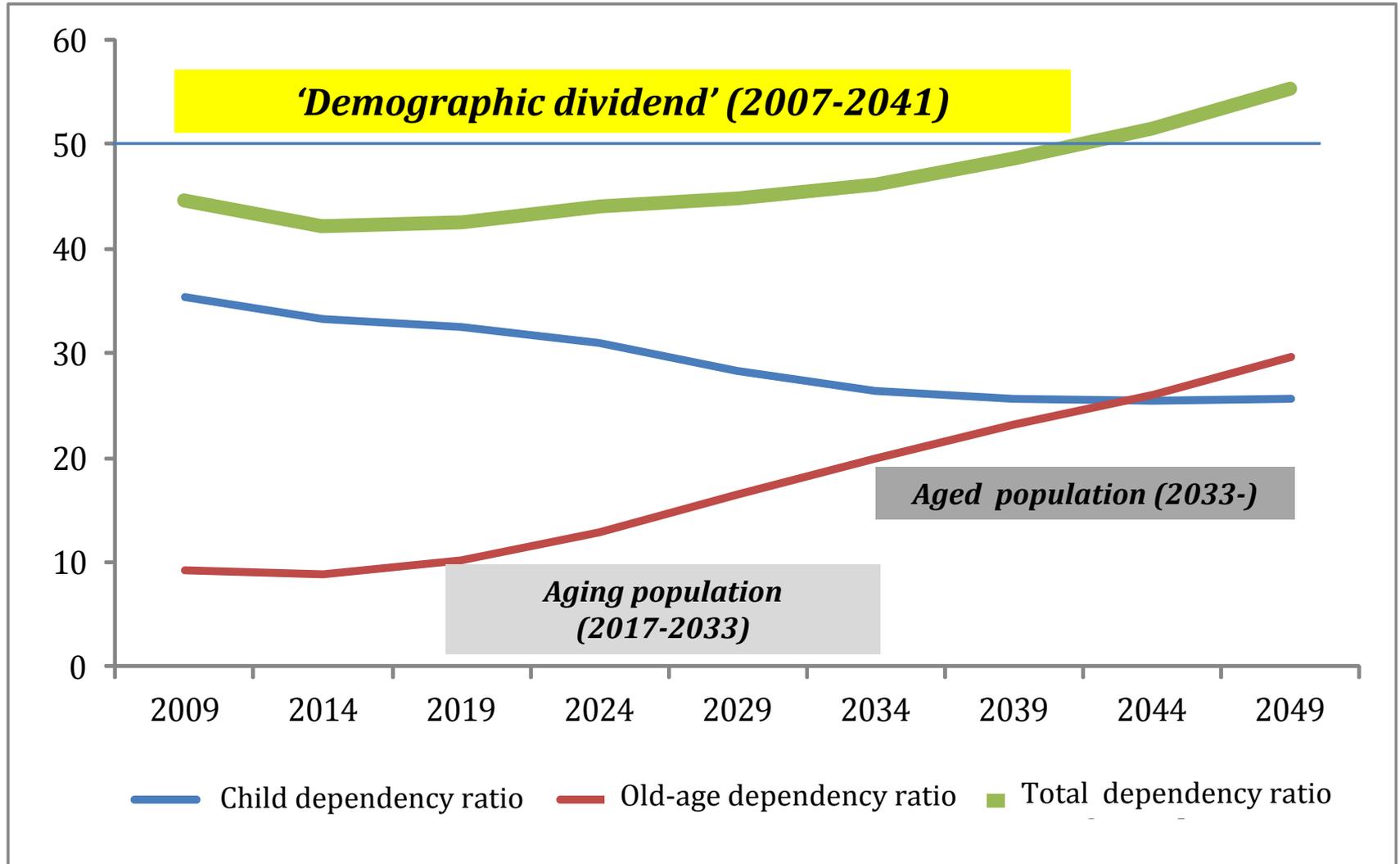
'Demographic dividend' (2007-2041)

Aged population (2033-)

Aging population (2017-2033)

Child dependency ratio — Old-age dependency ratio — Total dependency ratio

Source: Compilation from GSO (2011)

- Although demographic changes have been apparent, studies on the population-economic growth in Vietnam was weak due to the following facts:
  – Links between demographers, economists and policy makers were inactive and weak.
  – Academic research could not provide detailed policy options due to no age-specific socio-economic data.
  – Without sufficient evidence, policy advocacy was not really persuasive to policy makers.

- There was a great demand for applying appropriate methods to show how changes in population's age structure would affect economic growth, as well as other social policies.

- NTA has been an important tools for us to pursue various policy questions from such a demand.

- Vietnamese team was introduced in the 7ᵗʰ Global Technical Meeting in EWC in September 2010.

- We officially joined the Global Team in July 2011.

- Vietnamese team is:
  – led by H.E Mr. Nguyen Trong Dam, Vice Minister of Ministry of Labour, Invalids and Social Affairs (MoLISA).
  – administratively led by Dr Nguyen Thi Lan Huong, Director of Institute of Labour Science and Social Affairs (ILSSA) at MoLISA
  – technically led by Assoc. Prof. Giang Thanh Long at National Economics University.
  – expanding to researchers and policy makers from other line ministries, including MPI and its entities (DSI and GSO).

- We joined a number of trainings and meetings held by the Global Team in order to build capacity in terms of techniques, research, and policy advocacy.

- **For application of NTA to Vietnam's data**, we have:

– Estimated life-cycle deficit.

– Estimated urban-rural differences.

– Estimated male-female differences.

**Figure 4. Per capita consumption and labor income, 2007
(1.000 VND/person/year)**
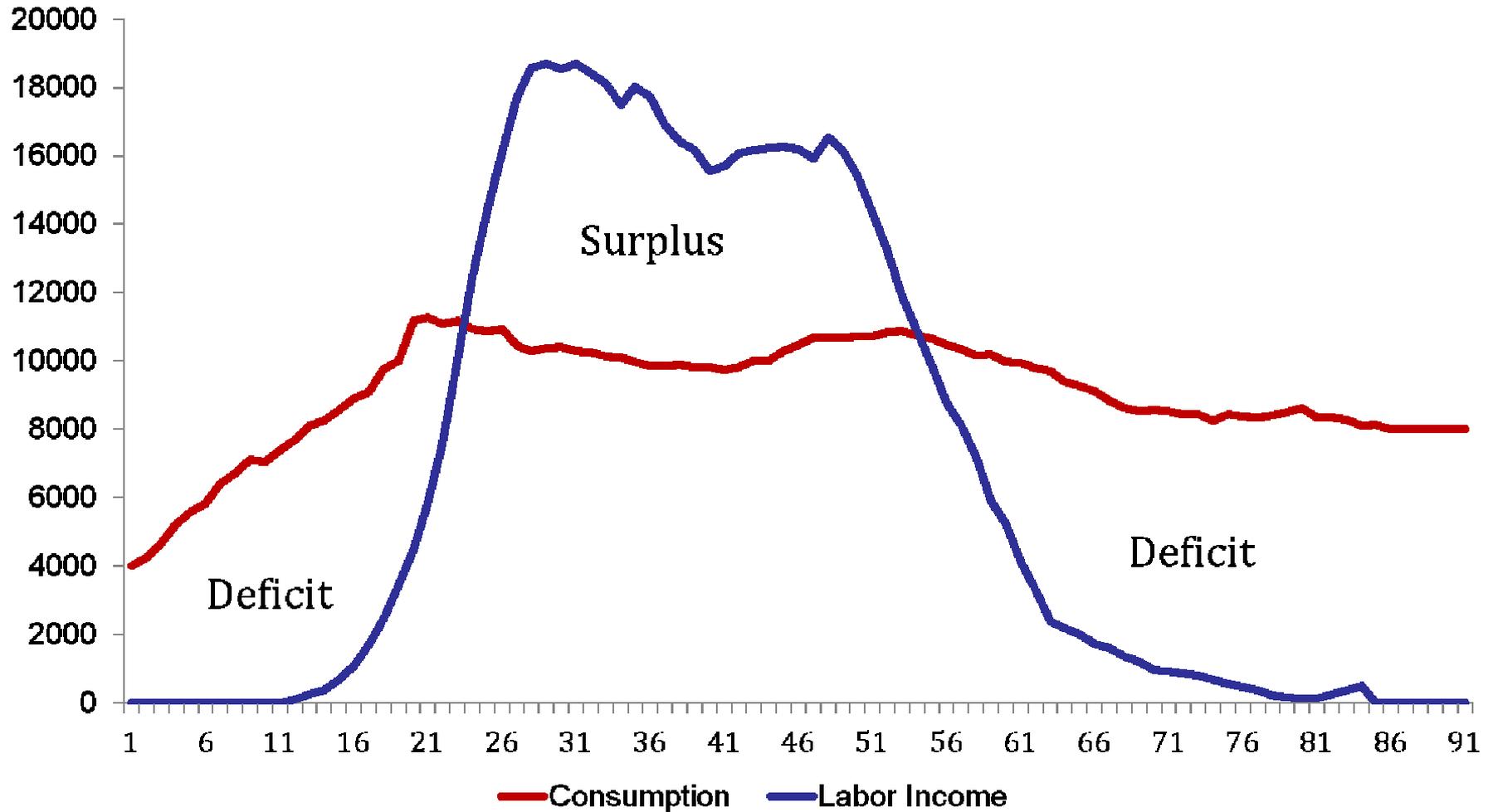
Figure 5. Life-cycle deficits, 2007 (1.000 VND/person/year)
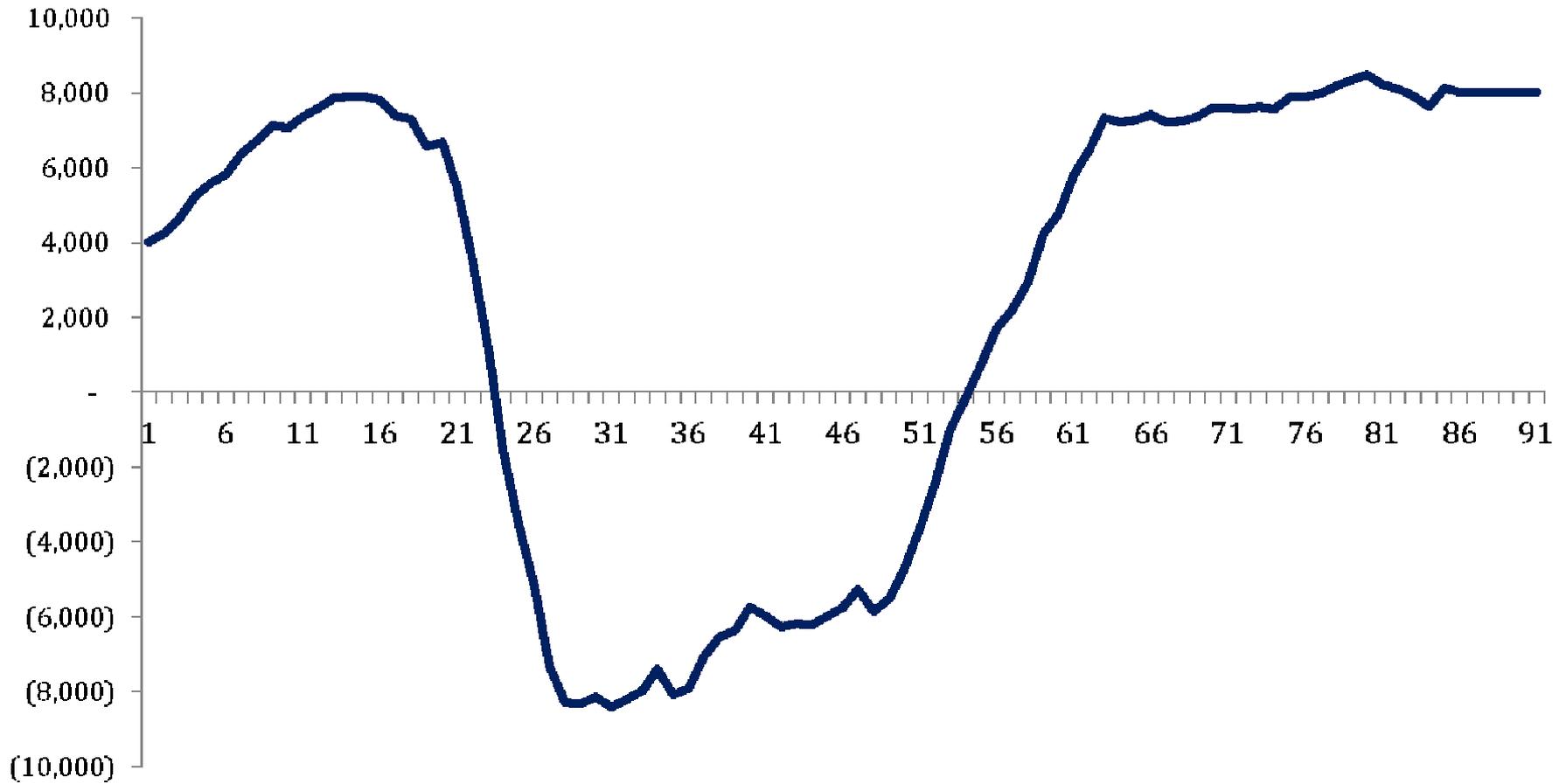

- Age of lifecycle surplus: 23 - 53

Figure 6. First demographic dividend for Vietnam
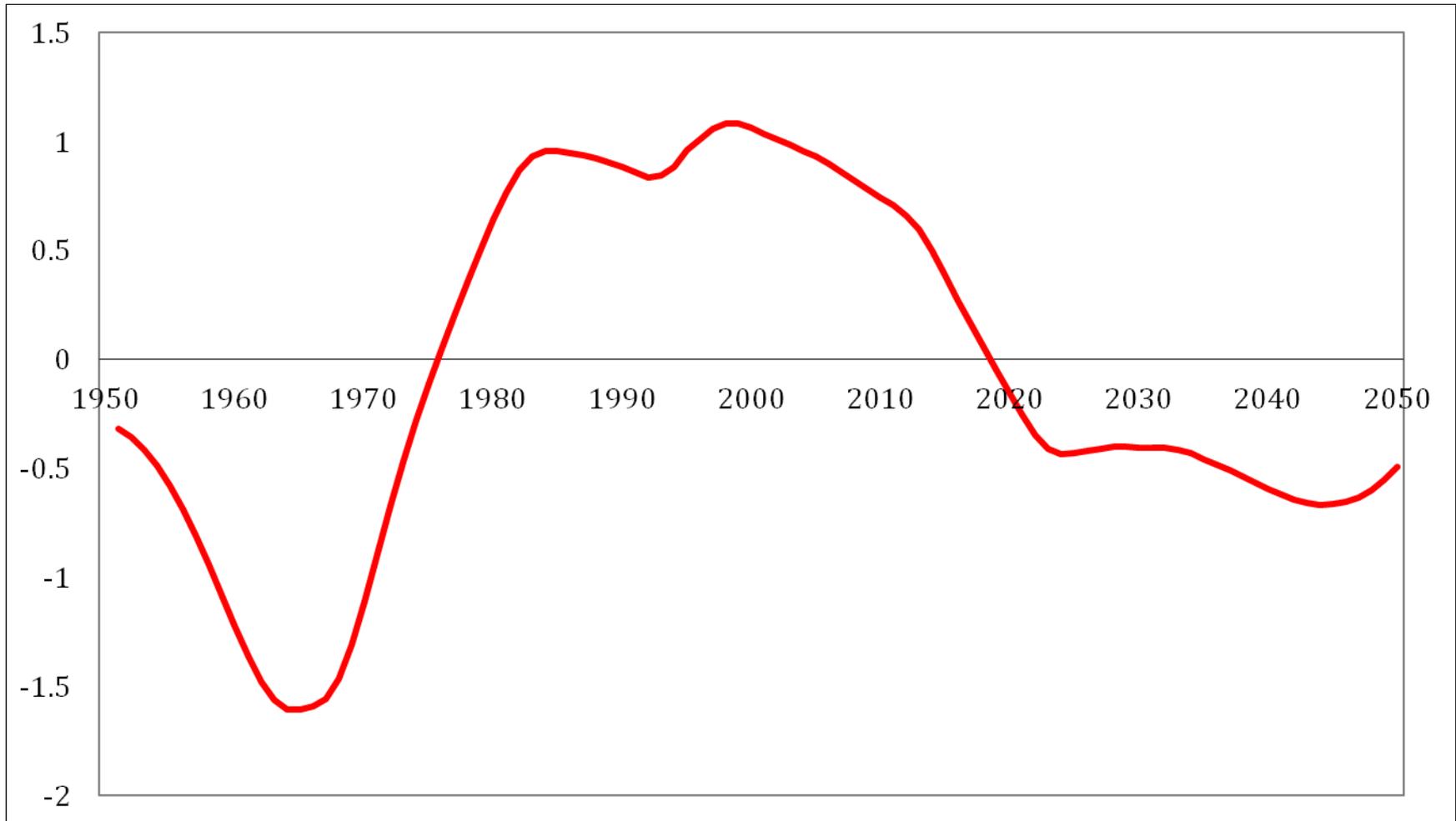
Figure 7. Per-capita consumption and labor income, 2007: urban vs. rural (1.000 VND/person/year)
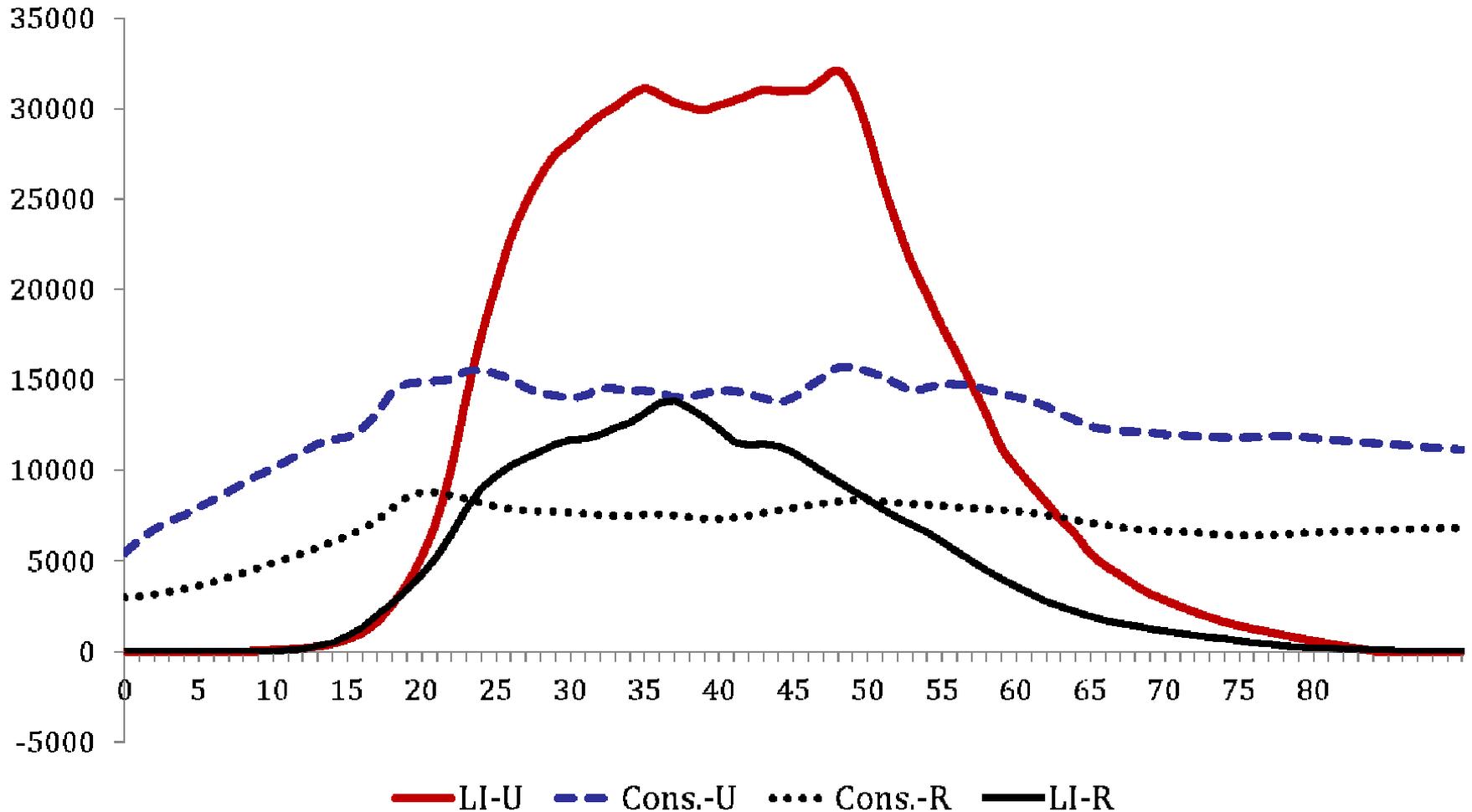
Figure 8. Per-capita consumption and labor income, 2007: male (left) vs. female (right) (1.000 VND/person/year)
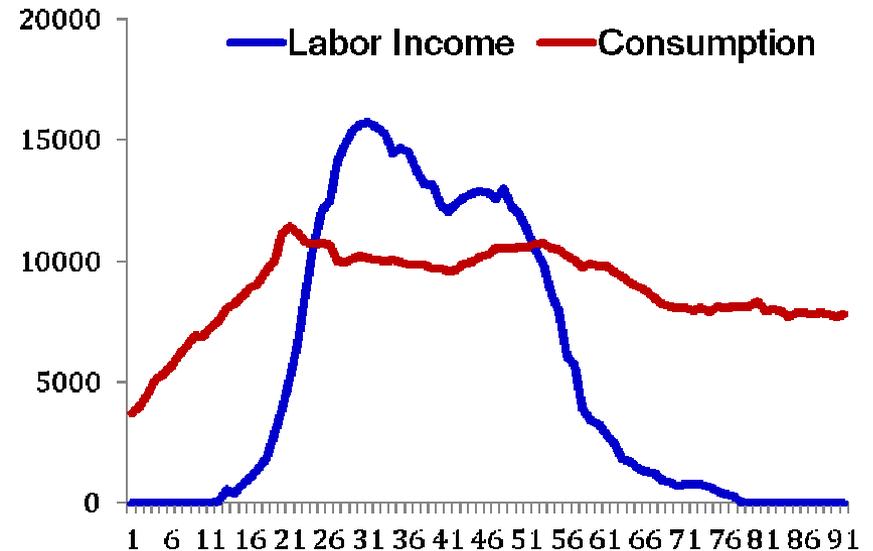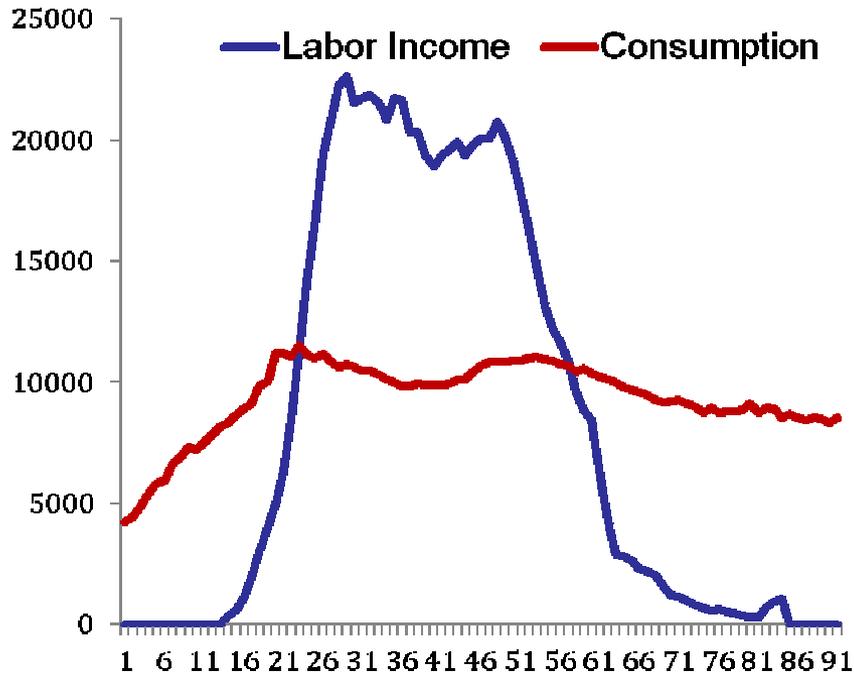
- **For training policy researchers and policy makers**, we:
  - held one-week training course for demographers and economists at NEU (funded by IDRC via NUPRI).
  - held one-week training course for policy researchers and government officials (funded by UNFPA Vietnam via DSI)
  - guided doctoral students to apply NTA in related topics.

- **For policy advocacy and policy formulation**, we:
  - provided a series of 'raising awareness' workshops for government officials, NGOs and interested people.
  - provided our findings to MPI, MoLISA, MoH on relevant issues.
  - provided our findings to National Assembly's Committee for Social Affairs in debating social protection strategy (such as the proposal to increase normal retirement ages; income support for the aged).
  - have worked with mass media (VTV, VOV, etc) for debating population-development issues, where NTA findings are used.

Figure 9. Increasing normal retirement ages under NTA perspective

Before increasing NRA

After increasing NRA

Legend: Consumption — Labor Income - - Labor Income within legal retirement age
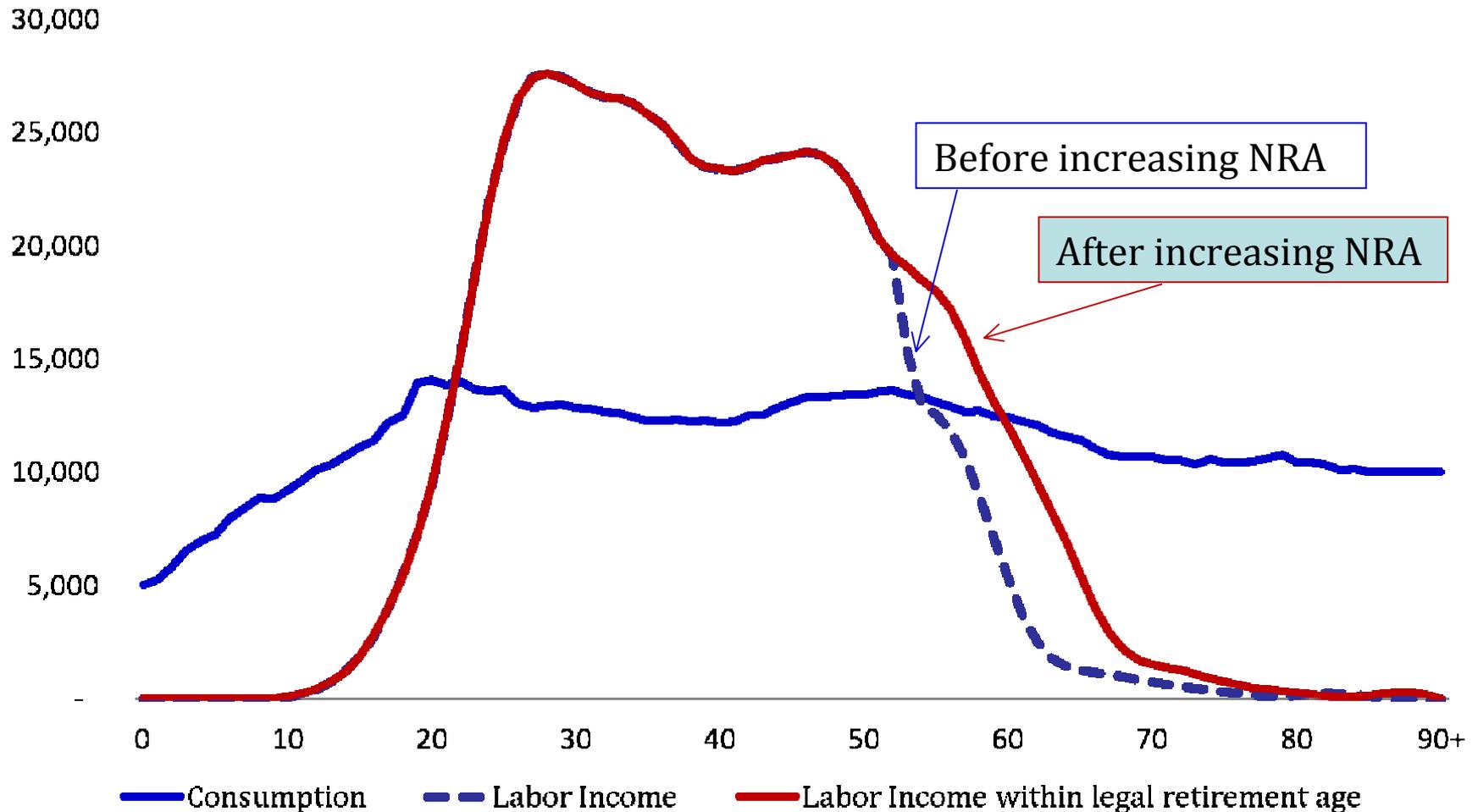
- Age of lifecycle surplus before increasing NRA: 23 – 53
- Age of lifecycle surplus after increasing NRA: 23 – 59

Figure 10. Increasing normal retirement ages changes life-cycle deficits
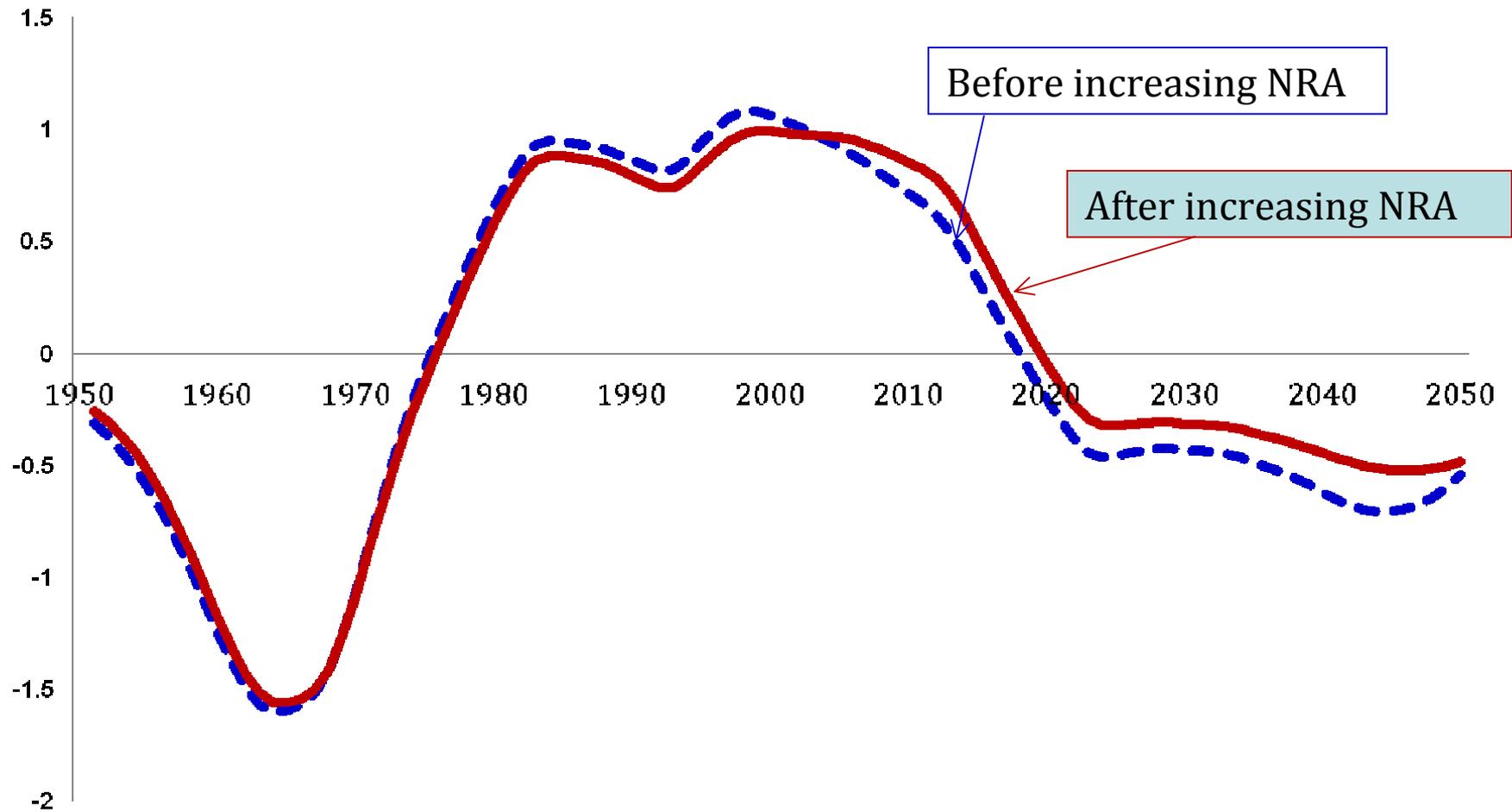
3. What we have done with NTA for Vietnam

4. Work in progress and plan for NTA research

- **Work in progress**
- Update calculations with the current nationally representative data (VHLSS 2012 + IO 2012).
- Use dynamic simulations to estimates NTA results under different scenarios (with emphasis on productivity changes).
- Preparing data for time-use estimates to produce NTTA.

- **Plan for NTA**
- Build an **NTA technical team** with participation of experts from various ministries, so that they will be able to apply NTA to their specific policy questions.
- Provide a series of **NTA training courses** for relevant organizations.
- Produce **policy briefs / notes for NTA** estimates, which will be later provided to policy makers at different levels.
- Produce **NTA Manual for Vietna**m (with assumptions for real data)

5. Concluding remarks

- NTA has been found an appropriate tool to produce age-specific socio-economic data, which in turn help policy makers to formulate timely and effective policies for different population groups.

- To provide further detailed suggestions for policy formulation based on NTA, there should be frequent updates of NTA estimates, so that policy makers can have useful evidence in formulating policies. Good policies will bring Bonus, and bad policies will give Onus.

- We would like to call for further support from UNFPA in disseminating NTA findings and integrating them into policy formulation.

THANK YOU FOR YOUR ATTENTION !